

Funds Accounting

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Agenda

- Goals/Objectives
- Definitions
- Fund Groups
- Budgeting
- Government accounting
- Financial statements



Goals

- Concepts of fund accounting
- Understanding the various fund groups
- How are we different than a profit organization?



What is Fund Accounting?

A method of segregating resources into categories (i.e., funds), to identify both the source of funds and the use of funds.



Objectives of Fund Accounting

- Demonstrating accountability and stewardship
- Determining financial condition
- Planning and budgeting



Objectives of Fund Accounting

- Evaluating organizational and managerial performance
- Determining/forecasting cash flow
- Communication



Definitions

- Fund: A fund is a segregation of resources established to control and monitor resources and to help ensure and demonstrate compliance with legal/administrative requirements.



Definitions

- Fund Balance: Equity within a fund.
$$\text{Assets} = \text{Liabilities} + \text{Fund Equity}$$
$$\text{Fund Assets} - \text{Fund Liabilities} = \text{Fund Balance}$$
$$\text{Assets} - \text{Claims Against Assets} = \text{Fund Balance}$$
- The fund balance may also be known as Net Assets, Capital, or Net Worth.



Definitions

- Fund Group: A separate entity with a self-balancing set of accounts consisting of assets, liabilities, fund balance, and, where appropriate, revenue and expenditure accounts.



Fund Groups

- Operating Fund
- Library Improvement Reserve Fund (LIRF)
- Debt or BIRF (Bond and Interest Redemption Fund)
- Rainy Day Fund
- Technology Grant Fund
- Agency Fund
 - Evergreen Fund
 - PLAC Fund



Operating Fund

- Fund expendable for operating purposes in support of the library's mission; expected to be expended in the near term.
- Broken down into smaller categories for expenditures. These categories are called accounts. One of the most important funds, which must have accounts, is the operating fund.
- Money is received and disbursed on paper or bookkeeping software



Operating Fund

- Designated fund
- State appropriations



Gift and Grant Fund

- Unrestricted
- Restricted
 - LSTA
 - State Technology Grant Fund

Agency Fund

- Used to record funds held by the library for outside entity who has a close relationship to the library
 - Evergreen Libraries that collect fees/fines for other members in consortium
 - Public Libraries that sell PLAC cards
- Funds in the Agency Fund group do not belong to the library and are not reported on the financial statement

